

SAFE DRINKING WATER LOAN PROGRAM INTENDED USE PLAN FOR SFY 2003

I. INTRODUCTION

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law on August 6, 1996. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish the Drinking Water State Revolving Fund (DWSRF) program. The DWSRF was established to assist public water systems with financing the costs of infrastructure needed to achieve and maintain compliance with the requirements of the SDWA and to protect public health.

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) which identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the Act. This document and its attachments comprise the State of Wisconsin Intended Use Plan for Federal Fiscal Year (FFY) 2002 Capitalization Grant funds. Assurances and specific proposals for meeting federal requirements are provided in the Operating Agreement between the State and EPA Region 5. The IUP is part of Wisconsin's capitalization grant application package for FFY 2002 funds.

II. DESCRIPTION OF THE INTENDED USE PLAN

This IUP provides a description of the short- and long-term goals of the Safe Drinking Water Loan Program (SDWLP), including how the uses of the various set-aside accounts contribute to reaching those goals. It includes the criteria and methods established for the distribution of funds, details on the activities which are being funded from the set-aside accounts, and the financial status of the fund. Attachments to the IUP include the list of projects which applied for funding for State Fiscal Year (SFY) 2003, with the fundable range delineated, and a list of all projects with valid Intent to Apply forms, in priority order.

III. DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM

The SDWLP operates as a direct loan program, similar to the federal SRF which comprises a portion of the Clean Water Fund Program. Proceeds from general obligation bonds issued by the state provide the state match (equal to 20% of the capitalization grant). The program is jointly administered by the Department of Natural Resources (DNR) and the Department of Administration (DOA) as a program under the Environmental Improvement Fund (EIF).

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., the SDWLP may provide the following types of assistance:

- 1) Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project located within the state and the debt obligation was incurred after July 1, 1993.
- 2) Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest rates applicable to the obligation.
- 3) Make loans below the market interest rate.

The SDWLP offers loans at a subsidized interest rate of 55% of the state's market rate. Loans to disadvantaged communities are at 33% of the state's market rate. The State's market rate is the effective interest rate, as determined by DOA, of a revenue obligation issued by the State to fund loans under the EIF. The current market rate for the EIF is 5.000%. SDWLP loans must mature no more than 20 years from the date of the first loan disbursement to the community. Interest payments are required semi-annually on May 1st and November 1st while principal payments are required annually on May 1st.

A local governmental unit may receive financial assistance for projects with the following purposes:

- (a) Address SDWA health standards that have been exceeded or to prevent future violations of health standards and regulations contained in ch. NR 809. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects and regulations for contaminants with chronic health effects.
- (b) Replace infrastructure if necessary to maintain compliance or further the public health protection goals of the SDWA. This includes projects with any of the following purposes:

1. To rehabilitate or develop sources, excluding reservoirs, dams, dam rehabilitation and water rights, to replace contaminated sources;
 2. To install or upgrade treatment facilities if, in the department's opinion, the project would improve the quality of drinking water to comply with primary or secondary drinking water standards;
 3. To install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the public water system;
 4. To install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
- (c) Consolidate existing community water systems that have technical, financial or managerial difficulties. Projects for consolidating existing systems shall be limited in scope to the service area of the systems being consolidated.
- (d) Purchase a portion of another public water system's capacity if it is the most cost-effective solution.
- (e) Restructure a public water system that is in noncompliance with the SDWA requirements or lacks the technical, managerial and financial capability to maintain the system if the assistance will ensure that the system will return to and maintain compliance with the SDWA requirements.
- (f) Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks caused by unsafe drinking water provided by individual wells or surface water sources. Projects to address existing public health problems associated with individual wells or surface water sources shall be limited in scope to the specific geographic area affected by contamination. These would include projects where the MCL for microbiological, nitrate/nitrite or a chronic contaminant is exceeded by 50% or more of the individual wells or surface water sources within the affected area.

IV. SHORT AND LONG TERM GOALS

A. Short-term Goals:

- Direct funds to the state's most urgent SDWA compliance and public health needs;
- Develop strategies, programs, and mechanisms to ensure, improve and evaluate the ability of public water systems to provide safe drinking water;
- Develop effective partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- Initiate efficient delineation and assessment of public water supply source water areas;
- Implement Wisconsin's Source Water Assessment Program Plan.

B. Long-term Goals:

- Assist public water systems in achieving and maintaining compliance with all applicable state and federal drinking water requirements;
- Protect the public health and environmental quality of the state;
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity;
- Provide economic assistance, in the form of reduced interest rate loans, to public water supply systems for the purposes of installing the necessary infrastructure to provide an adequate quantity of safe drinking water;
- Evaluate the progress of state programs and strategies in improving the ability of public water systems to provide safe drinking water;
- Maintain a program for ensuring that all public water systems are operated properly;
- Use source water area assessments as a basis for protecting public water supplies.

V. Financial Status of DWSRF

Funds available during SFY 2003 and their intended uses include the following:

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|-------------------------------|---------------------|
| FFY 2002 Capitalization Grant | \$15,946,500 |
| 20% State Match | \$3,189,300 |
| Funds transferred from CWFP | <u>\$10,000,000</u> |
| Total Amount for SFY 2003 | \$29,135,800 |

Set-aside Amounts:

| | |
|---------------------|-----------|
| Administration | \$637,860 |
| Wellhead Protection | \$327,968 |

| | |
|----------------------------|--------------------|
| Technical Assistance | \$318,930 |
| Capacity Development | \$0 |
| Operator Certification | \$0 |
| State Program Mgmt. | <u>\$1,594,650</u> |
| Total Amount of Set-asides | \$2,879,408 |
| Loan Fund | \$26,256,392 |

Notice of Intent to Apply (ITA) forms for SFY 2003 funding were due by December 31, 2001. The project priority list for SFY 2003 funding totals \$104,600,677 for 61 projects. Applications for SFY 2003 funds were due by April 30, 2002. The DNR received 12 applications totaling \$12,456,908 in project needs. The project priority list of all projects with a valid ITA form, is Attachment A to this IUP. The draft funding list which shows all applicants and designates those projects which are in the fundable range is Attachment B to this IUP. Funds not used during SFY 2003 will be added to the next year's funding list.

VI. Transfer of Funds from CWSRF to DWSRF

The State transferred a total of \$23,596,056 in funds from the Clean Water Fund Program to the SDWLP prior to FFY 2002. Federal regulations allowed a transfer of up to an amount equal to 33% of the Drinking Water Capitalization Grants.

The increases to the SDWLP resulting from these transfers did not immediately result in an increase in loan funds available. Due to federal regulations that restrict the rate at which monies can be disbursed for refinanced projects, the transferred monies were first being used to fund refinancing projects. Without the availability of the transferred funds, refinanced projects would have been forced to receive their loan funds over eight calendar quarters, or two years. In each quarter a separate loan closing would have had to occur which would have significantly increased the cost to the communities. The transfer of these funds was first to prevent delays in funding and after that, to increase loan funds available in the program.

During SFY 2003 the state will be adding \$10,000,000 in transferred funds to the current funding list.

VII. Method and Criteria for Distribution of Funds

The purpose of the priority scoring criteria is to establish a list of eligible projects to be funded in a manner that is in accordance with the federal requirements of the 1996 SDWA reauthorization. The act requires, to the maximum extent practicable, that priority ranking be given to projects that 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to state affordability criteria.

Wisconsin's priority scoring and ranking criteria gives first priority to acute public health risks, particularly those related to microbiological organisms, and second priority to situations that pose chronic and longer term health risks to consumers, such as organic chemical contamination. The scoring criteria also considers issues that are related to infrastructure upgrading or replacement to address those projects (or portions of a project) which are eligible for funding but not included in the first two sections.

Projects will be granted additional points if the project is associated with a system considered most in need of financial assistance on a per household basis. A public water system must have a population less than 10,000 and a median household income less than or equal to 80% of the state's median household income to qualify for any points related to financial need.

The DNR will maintain a project priority list which ranks the projects for which a priority score has been determined. The projects will be ranked in order of descending priority with the highest ranked project first. In case of two or more projects having the same priority score, the project serving the largest population shall have highest priority.

An annual funding list will be developed consisting of all projects that submit complete applications. Projects will be listed on the funding list in the same order they appeared on the priority list, and the fundable range will be established in that order, except when ranking the projects in priority order does not result in at least 15% of the funds being

allocated to small systems serving less than 10,000 people. In this case, systems serving less than 10,000 people will be given priority until the 15% funding allocation requirement is met.

Once the fundable range of the funding list has been established, loans may be made to any project in that range in any order. Projects on the funding list may be removed from the funding list, upon written notice by the department, if any of the following situations occur:

- a) requirements of s. NR 166.10, Wis. Adm. Code, are not met;
- b) a project is canceled or the funding request is withdrawn by the applicant;
- c) the DNR determines that the applicant is unable to proceed with construction of the project in the fiscal year in which funds are requested;
- d) the project failed to meet the engineering review requirements or does not have DNR approval;
- e) the applicant has reached the 25% biennial present value subsidy cap (in any biennium, no local governmental unit may receive more than 25% of the present value subsidy approved for that biennium);
- f) the DOA is not satisfied that the local governmental unit has the financial capacity, as described in ch. Adm 35, Wis. Adm. Code, to assure sufficient revenues to operate and maintain the project for its useful life and to pay the debt service on the obligations it issues for the project;
- g) Federal or State refinancing or reimbursement restrictions prevent funding.

VIII. Set-aside Activities

1) Source Water Assessment Program (SWAP)

A. Background on Funding and Timeline

The State of Wisconsin's FFY 1997 Capitalization Grant funds totaled \$41,546,400. Of this amount, up to 15% was available to be used on SDWA Sec. 1452(k) activities. A maximum of 10% could go to any one activity, such as source water area delineations and assessments. Due to the one-time availability (FFY 1997 only) of funding for source water area delineations and assessments, the State set aside the entire \$4,154,640 (10%). Any funds not used for source water delineations and assessments will be returned to the loan fund. The State has a total of four years in which to obligate this money. There is no additional state match requirement for this money.

Wisconsin's SWAP plan was approved by EPA in November 1999. A request for an 18-month extension, because of workload and logistical problems, was granted giving a completion deadline of May 6, 2003. Due to unforeseen delays in completing assessments, it is likely that this deadline will not be met. The DNR will ask for additional time to complete the assessments beyond the May 2003 deadline. The second extension request will be made in early SFY 2003. Assessment activities beyond that date will be supported with wellhead protection set-aside funds.

B. Program Progress in SFY 2002

SWAP activities in SFY 2002 included the following:

- Regional hydrologic flow modeling projects in Eau Claire, Sauk, Rock, Pierce, St. Croix and Fond du Lac Counties and the Central Sands area have been completed or will be completed by the end of SFY 2002. Projects in La Crosse and the seven South East Wisconsin Regional Planning Commission (SEWRPC) counties will be completed in SFY 2003. When completed, these projects provide groundwater flow model-derived source water area delineations for municipal wells that are superior to the calculated fixed radius delineations previously done for all municipal wells. The late completion dates for the projects in La Crosse County (10/02) and the SEWRPC area (11/02) will make it difficult to complete the contaminant inventories and susceptibility determinations before the May 2003 deadline. Efforts to schedule regional follow-up activities have been made but with the large number of systems and potential contaminant sources in the SEWRPC area it is doubtful that the deadline can be met.
- Potential contaminant source inventories of source water areas for municipal systems were completed in SFY 2002. These will need to be updated for the systems in the SEWRPC and Central Sands areas and Fond du Lac, La Crosse, Pierce and St. Croix Counties after source water area delineations described above are completed. Potential contaminant source inventories are currently being completed for other-than-municipal (OTM) community systems. Approximately one-quarter of the transient non-community (TNC) systems and their potential contaminant sources remain to be located.
- A SWAP/Vulnerability Assessment Arcview project has been developed, enhanced, and is in use by SWAP staff. The project uses digital ortho-photos and digital raster graphics for background maps and is used to digitize locations of wells and potential sources of contamination and print maps of source water areas.

- Coordinated efforts with several DNR programs are continuing on a statewide basis to collect digital location information for the following potential sources of contamination: Environmental Response and Repair sites, leaking underground storage tanks, large quantity hazardous waste licensed facilities and generators, RCRA cleanup sites, closed wastewater seepage ponds (as possible), closed wastewater treatment plants (as possible), closed solid waste landfills (as possible), active landfills, Superfund sites, WPDES-permitted facilities, outfalls and lagoons. Projects to locate Confined Animal Feedlot Operations with over 1000 animal units, and large, licensed active and historic landfills were completed in SFY 2002.
- Surface water system assessments for eight of the twenty surface water systems were drafted. These assessments are being completed according to the Great Lakes Surface Water Systems Assessment Protocol finalized last year with the other Great Lakes states and EPA Region 5.
- A computer application to automate SWAP susceptibility determinations has been developed and is being tested. It will be merged with an ArcView mapping application to form a unique tool to produce maps of assessment areas, susceptibility determinations and vulnerability assessments. Unforeseen difficulties in developing this powerful tool have contributed to the uncertainty in meeting the SWAP deadline.
- Progress continues in resolving discrepancies between DNR databases such as non-unique or duplicate well numbers, well depth discrepancies, FID number discrepancies, and entering missing wells.
- SWAP staff have used the index of over 350,000 scanned well construction reports to search for and find images of well construction reports for public wells. This provides information necessary to make susceptibility determinations.
- The peer review of the modeling tool ("PhreFlow") designed to define capture zones of small, partially penetrating wells in unconfined, porous media aquifers with transient recharge and pumping was completed. Wisconsin will not use PhreFlow for source water assessments due to the difficulty in using the model and the shortage of time. PhreFlow may be useful to evaluate the susceptibility of small public wells to pathogens for the Groundwater Rule.
- A pilot project to investigate the usefulness of hydrogeologic mapping and other techniques to determine source water areas for groundwater systems located in karst areas was completed successfully. The results of this project have helped the state determine a low-cost technologically-defensible method for delineating these areas.
- A pilot project to investigate the usefulness of groundwater age-dating techniques to help determine the susceptibility of groundwater systems to pathogens and other contaminants was completed. None of the age-dating techniques tested offer an efficient, cost-effective method to determine microbial susceptibility.

C. Program Plans for SFY 2003

In SFY 2003 Wisconsin will continue the efforts above and move towards completing its source water assessments. Wisconsin will also continue to work cooperatively with Region 5 states to develop common approaches to shared concerns such as how to do assessments for the large number of groundwater systems present in the upper Midwest, developing a cost-effective technologically-defensible approach to delineating source water areas for groundwater systems in karst environments, and completing surface water assessments for systems on the Great Lakes.

As the funds for Source Water Assessments were a one-time only set-aside, no additional funds can be requested through the SWAP set-aside. However, wellhead protection set-aside funds can be used to complete source water assessments. Wisconsin will request these funds to support five positions to complete source water assessments and promote source water protection. That request is under the Wellhead Protection set-aside section below.

2) Wellhead Protection

The DNR originally requested \$120,000 in wellhead protection set-aside funds. The original plan was for 50% to be spent on information and education activities and 50% to be used for data integration. In a May 2001 letter to EPA, the DNR reported that it planned to use all \$120,000 for information and educational activities. Through SFY 2001, the wellhead protection set-aside funds were used for a contract with the US Geological Survey for wellhead protection delineations in the Lower Fox River Valley to assist the source water assessment effort, production and distribution of a wellhead protection video to municipalities, and three teacher workshops on groundwater protection.

During SFY 2002, the DNR's Groundwater Section worked with the Central Wisconsin Groundwater Center (CWGC) and the Wisconsin Geological and Natural History Survey to sponsor three workshops to provide training to teachers on use of the groundwater sand tank model. The Section spent \$12,900 of set-aside money on 24 groundwater models (which were given to teachers), substitute teachers, and other equipment used in the workshops. The DNR

also provided \$33,100 to the CWGC to hire a half-time person to promote the national Groundwater Guardian program in Wisconsin. The remainder of the \$120,000 wellhead protection set-aside money (approximately \$26,000) will be spent on teacher workshops in SFYs 2003 and 2004.

As noted in the source water assessment program discussion above, there is a good chance that the DNR will not complete all the assessments by May 2003. Since all the SWAP set-aside funds will be used, \$327,968 in wellhead protection set-aside funds is being requested for SFY 2003 for wellhead protection/source water protection (WHP/SWP) activities. Of that amount, \$277,968 will be used to fund five project positions, one in each DNR Region, to finish the assessment work and segue into WHP/SWP activities. In the future, the intent is to request additional funding to further support these positions and SWP/WHP activities.

The remaining \$50,000 will be used to begin evolving the SWAP susceptibility tool into a WHP/SWP mapping application. This tool will provide needed information to the new project employees and other department staff for implementation of WHP/SWP management options.

3) Technical Assistance

During SFY 2001/2002, three projects were continued using the 2% technical assistance set-aside.

- One-On-One Assistance To Other-Than-Municipal Systems and Non-transient Non-community (NTNC) Systems.
- Coalitions of Learning, Education, and Assistance.
- UW Extension Training Sessions.

The UW Extension Training Sessions ended in September 2001. The current One-On-One Assistance contract ends June 2002 and the Coalitions contract will continue until September 2003.

The plan is to continue using technical assistance set-aside funds for the One-On-One Assistance and Coalitions contracts, and to also begin an effort to design online training for small systems. During SFY 2003, another \$318,930 in technical assistance set-aside funds is being requested.

One-On-One Assistance To Other-Than-Municipal Systems

One-On-One Assistance To Non-transient Non-community Systems

Currently, the Wisconsin Rural Water Association is making one-on-one visits with OTM and NTNC water systems to discuss drinking water issues vital to each system. Some topics being covered are monitoring, follow-up monitoring, sanitary surveys, consumer confidence reports, and operator certification. Per the contract provisions, this contract can be renewed in one-year increments. Starting in July 2002, this contract will be renewed for another year.

Coalitions of Learning, Education, and Assistance

A contract was awarded to the Wisconsin Section of the American Water Works Association to establish 12-20 coalitions of small system operators throughout the state that would meet 1-2 hours monthly or bi-monthly. This program is geared towards small municipal, OTM and NTNC systems. The intent of the coalition groups is to establish forums where operators may discuss issues in an informal setting, network with other communities and systems in the same area, share ideas and possibly equipment, and receive information on the new EPA regulations and discuss their implications. This contract will end in September 2003 and is expected to be renewed at that time.

Online Training For Small Systems

Preliminary ideas are being looked at for designing online training for small systems. This training would be available via the Bureau of Drinking Water and Groundwater web site.

4) Capacity Development

Since September 1, 1999, the DNR has been creating and implementing an effective capacity development program to ensure that new and existing public water systems demonstrate technical, managerial, and financial capacity. New community water systems and NTNC water systems have undergone capacity evaluations. Existing systems have received guidance prepared to help them reach and maintain capacity. The DNR's sanitary survey process is currently being revised to include capacity evaluations for existing systems. Capacity Development status reports were sent to EPA on August 6, 2001 and October 31, 2001. This year, reports will be sent to the Wisconsin governor by September 30, 2002 and to EPA by October 31, 2002.

Subchapter VIII of ch. NR 809, Wis. Adm. Code, requires "capacity evaluations" for all new community and NTNC water systems prior to construction. As of May 8, 2002, twenty-eight systems have undergone capacity evaluations. Seven of these systems were community systems and twenty-one were NTNC water systems.

The Capacity Development Coordinator has created and updated guidance aimed at helping water systems reach and maintain capacity. In the past year, a general Capacity Development fact sheet for new public water systems and a financial capacity fact sheet were created. These fact sheets, along with other Capacity Development guidance and information, have been posted on the DNR's web site. Updates on the Capacity Development program have been included in routine newsletters to DNR staff.

The Capacity Development Coordinator has played a lead role in the development of a revised sanitary survey process that would incorporate an existing system capacity evaluation. The DNR is currently modifying the drinking water data system to include water system data and sanitary evaluations. As part of a revised sanitary survey process, these data and evaluations will aid the DNR in targeting systems for assistance, identifying statewide issues, making policy decisions, and reporting to other agencies. Additionally, enhancements to the sanitary survey are being made to ensure that the DNR addresses the requirements of the proposed Groundwater Rule. Guidance is being created that will help DNR staff carry out the revised sanitary survey. Training of DNR staff will aim to standardize the sanitary survey process.

A Capacity Development Program Report to the Governor will be completed by September 30, 2002 and a Capacity Development Annual Status Report to EPA will be completed by October 31, 2002.

No additional funds for Capacity Development are being requested at this time.

5) Operator Certification

In March 2002 the DNR delivered the first classes in the Wisconsin small system operator training program. This followed nearly a year of curriculum and course development. The DNR also funded development of on-line operator certification training based on the same course curriculum which was developed for the classroom training.

Six classroom trainings have been offered around the state to date with 224 attendees. Both the on-line and the classroom training have been extremely well received. The contract with the Wisconsin Water Association (formerly, Wisconsin Section – AWWA) calls for an additional 16 classes to be delivered during calendar year 2002. Feedback is received from each class through the use of mandatory comment sheets from the training attendees. After each training session, a small system certification examination is offered. Training session attendance is not required to take the examination, but so far only class attendees have opted to take the certification exam.

Exam questions were evaluated for adequacy, relevance, and content by an independent panel of water industry professionals and by DNR staff. Exam results are analyzed by the University of Wisconsin to determine if any test questions appear to be statistically invalid. At this point in the process, no particular problems have been identified either from classroom participants' comments or from evaluation of test results. The DNR will continue to analyze classroom session feedback and test results to insure a high quality training and testing program.

The DNR expects to continue with the current training contract for at least one more calendar year (beyond calendar year 2002) and at that time will evaluate the need to continue to provide DNR funded training sessions for the small system operator certification program. If a need continues to exist, it is likely that additional funds will be requested from a future capitalization grant for that purpose. Previously set aside operator certification funds should be adequate to cover costs until then.

No additional funds for Operator Certification are being requested at this time.

6) State Program Management

As a result of implementation of additional SDWA requirements (such as the Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides), additional staff is necessary to meet basic program needs for new SDWA initiatives as well as existing program requirement changes (such as sanitary surveys being required every three years instead of every five years for some system types). Six positions are currently assigned to these tasks. The activities will be similar to existing staff positions for Water Supply Specialists and engineers. An additional permanent position is being requested to continue the existing capacity development activities and to address program administration needs. This request is an extension of the SFY 2001 set-aside request.

The 10% set-aside for state program management will be utilized for this purpose. The full \$1,594,650 is being requested. This set-aside contains a dollar for dollar state match requirement. This state match is being met through state overmatch funds from the Public Water System Supervision (PWSS) grant.

Five of the positions are currently being used for additional field activities. Originally it was anticipated that four of the positions would be utilized for additional field activities and two of the positions will be utilized for administration, coordination, and policy development activities. The realignment occurred as a result of the reduction in state monies provided to maintain existing SDWA activities. This resulted in an administrative shortfall that is proposed to be addressed by a new permanent position combining the existing capacity development coordination with administration and coordination activities associated with inspection of public water systems.

Engineering position (1) (Currently staffed): Responsible for performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consultation with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities. The position corresponds with municipal officials, consulting engineers, waterworks operators, state and local health officials, the media, politicians, and others regarding these systems. The time breakdown of activities is as follows:

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|-----|--|
| 65% | Engineering surveillance of municipal, OTM, and NTNC water systems. |
| 15% | Provision of technical assistance to municipal, OTM, and NTNC water systems. |
| 10% | Enforcement activities for municipal, OTM, and NTNC water systems. |
| 10% | Provision of training and information to public water system owners/operators, DNR staff and other agencies. |

Water supply/program specialist positions (4) (Currently staffed): Responsible for implementing the SDWA program for community, OTM, NTNC, and TNC systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers. The time breakdown of activities is as follows:

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| 65% | Surveillance of OTM, NTNC, and TNC water systems. |
| 15% | Provision of technical assistance to system owners/operators. |
| 10% | Enforcement activities for OTM, NTNC, and TNC water systems. |
| 10% | Provision of training and information to public water system owners/operators, DNR staff and other agencies. |

SDWA coordination and evaluation position (1) (Currently staffed): Responsible for: (1) coordinating implementation activities necessary to insure statewide consistency of the Safe Drinking Water (SDW) program, and (2) acting as the statewide coordinator for enforcement of the SDW program. Activities include: electronically monitor and analyze statewide SDW program reports, develop and implement procedures to measure program implementation consistency statewide, devise procedures and policies to enhance consistency and provide training to field and central

office staff, monitor and coordinate SDW enforcement procedures statewide. The time breakdown of activities is as follows:

- 30% Measure consistency of SDW program implementation, statewide. Develop policies, procedures, and training to optimize program consistency.
- 30% Monitor statewide enforcement of the SDW program. Develop and implement policies and procedures to standardize enforcement procedures, program staff and the regulated community.
- 25% Data management and coordination for SDW program.
- 10% Develop and deliver training and information to DNR Drinking Water and Groundwater Program staff, the regulated community and the public regarding new regulations, policies and procedures, and general program operation.
- 5% Drinking water code review and revisions to drinking water act code.

The approximate staff budget for the six additional positions is \$451,929 per year. The funds will be utilized over two years following expenditures of the FFY 2001 set-aside funds. All of the positions have been filled. However, due to the realignment for budget purposes the administration positions are only 50% staffed.

Capacity Development Coordination and Inspection Coordination (1) (Converting the existing project position into a permanent position with expanded duties) In order to address the regulatory burden imposed by upcoming regulations, it will be necessary to address the administrative shortfall described above. To accomplish this, it is proposed to redesign the current Capacity Development Coordinator position to fill the administrative shortfall associated with sanitary surveys and inspections. The capacity development position is a project position expiring in May 2003. It is anticipated that the DWSRF will be extended through 2010 and, although the Capacity Development program development work will be complete by May 2003, there will be ongoing program administration, maintenance and reporting responsibilities. The combination of sanitary survey and inspection administration activities, and the Capacity Development activities will require one FTE. The time breakdown of the activities is as follows:

- 30% Develop and maintain inspection guidance.
- 30% Coordinate and administer capacity development activities.
- 20% Evaluate and coordinate inspection activities.
- 10% Conduct inspections and training.
- 10% Document and report capacity development activities.

A position request for a permanent FTE is being submitted for approval. Cost for this FTE is anticipated at \$62,619 per year.

Contractual program management activities. In addition to the realignment of positions, other budgetary shifts will be necessary to continue core program activities. These include funding of additional county inspection contracts for the inspection of non-community water systems, funding the record storage for plan approval decisions, data entry, data system programming, and funding of a student intern to complete reviews of non-complex water facilities including water mains. The total associated costs for these activities across two years are anticipated to be:

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|-----------------------------|-----------|
| County inspection contracts | \$330,000 |
| Record storage | \$30,000 |
| Student intern | \$40,000 |
| Data Entry | \$65,554 |
| Data System Programming | \$100,000 |

The total cost for all activities funded under this set-aside will be \$1,594,650. These funds will be expended across the biennium following expenditure of the FFY 2001 set-aside.

IX. Disadvantaged Communities

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This rate is 33% of the State's market rate; those local governmental units that do not meet the two criteria receive loans at 55% of the State's market rate. The two eligibility criteria are:

- 1) the local governmental unit's population must be less than 10,000; and
- 2) the local governmental unit's median household income (MHI) must be 80% or less of the State's MHI.

Although federal regulations allow for up to 30% of the Capitalization Grant to be used for loan subsidies, Wisconsin will not be making loan subsidies below a further reduced interest rate in order to preserve as much of the loan monies as possible to meet the high demand for assistance. As Wisconsin's disadvantaged communities program is not offering principal subsidies, there is no limit on how many communities may qualify.

X. Public Participation Process

Public participation in the set-aside activities is as described in Section VIII above. This IUP is being distributed to the public in the publication *Loan Interests*, no. 124, in June 2002. The IUP is also accessible through the Bureau of Community Financial Assistance web page at www.dnr.state.wi.us/org/caer/cfa/cfindex.html. A public hearing covering the SDWLP funding list and funding policies, as well as other items, will be held on June 26, 2002 in the GEF 2 building, 101 South Webster Street, in Madison.